The ATB Advantage

Business Plan 2003 - 2006

ATB Financial

Our Five-Year Goals

AN UNASSAILABLE FRANCHISE *Our market share is growing every quarter in all major product categories. Since 1996, our Balance Sheet has grown by $4.2 billion and our equity base at $770 million, establishes a strong foundation for the future.*

CONSISTENTLY COMPETITIVE PROFITS *Our net income increased again in 2002. Since 1996, we have optimized profits, adding almost $900 million to our bottom line.*

HIGHEST CUSTOMER SERVICE RATINGS IN ALBERTA *In 2002, in our first TRI*M survey, an international measure of customer satisfaction, with over 8,000 interviews covering all 145 of our branches, we attained a score comparable to the major banks. In the coming years, we will continue to build on our customer service skills using this survey as a guide.*

EMPLOYEE ENGAGEMENT SCORE RANKING AMONG THE TOP COMPANIES IN CANADA *We survey our associates annually to obtain feedback and measure our progress.*

INCREASED MARKET SHARE ON LOANS AND DEPOSITS *Canadian Bankers Association statistics show that our share of loans and deposits in Alberta grew by about two share points last year.*

RETURN ON ASSETS IN THE RANGE OF 0.9–1.2 PER CENT PER YEAR *We exceeded our target with a return on average assets before tax of 1.29 per cent, compared to the six large domestic banks' average of 0.94 per cent in 2002. It cost ATB 61.65 cents for every dollar earned, while on average it cost the chartered banks 69.49 cents to earn each dollar.*

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Our Triple Win

Building on our proud heritage of serving Albertans, ATB Financial understands that *engaged employees and satisfied customers* result in *enhanced shareholder value – what we call our Triple Win concept.* Not only do these three equally critical components create synergy and common focus throughout our organization, they provide the simple but powerful foundation for our overall business strategy. At ATB, we practice the Triple Win everyday, and our results prove it.

ENGAGED EMPLOYEES

We continue to emphasize employee engagement – we want to make ATB Financial a place where our associates have a strong desire to stay, speak well of the organization, and participate in ways that fully contribute to our success.

Our goal is to be one of the top 50 companies to work for in Canada. To achieve this, we have a strong commitment to training, to improving how we work day-to-day, and to competitively compensating our team of 3,000 associates. ATB offers its associates an opportunity to work in a growing, customer-focused, Alberta-based organization and this positioning allows us to attract and retain high-calibre people.

SATISFIED CUSTOMERS

In 2002, through an international customer service tool we surveyed over 8,000 customers across all 145 of our branches and validated ATB's strong tradition of personal customer service. Our score is comparable to the leading Canadian chartered banks. We will focus on customers and ensure that they always feel welcomed, understood and appreciated. To do this we will listen to our customers and provide the products and services they need to achieve their financial goals; treat them with fairness and respect; and thank them for their business.

ENHANCED SHAREHOLDER VALUE

ATB continues to enjoy a growing market share in Alberta. Our market share in retail deposits and investments, fixed-date deposits, registered products, total business loans, and total business deposits, continues to increase. This year, our total assets surpassed $13 billion, and our December 31, 2002 results compare favourably to last year. Our equity is now at $770 million, up by more than 36 per cent from last year's $566 million.

Over the new business planning period, we will continue to re-align our resources to high-growth markets, balance expenses and technology investments, diversify our loan portfolio and grow our business by building on our reputation for personal customer service. Our commitment to personal service means face-to-face contact, recognizing and respecting each customer. Our commitment to our associates is stronger than ever and we will continue to foster a learning environment that provides renewal and development of our associates.

In September 2003, ATB Financial will be 65 years old – official senior status. At this venerable age we can look back on a history of supporting and serving Albertans with renewed energy, direction and focus to stride into the future, more confidently than ever.

Top to Bottom:
Ron Triffo
Bob Normand

Ron Triffo
Chairman of the Board

Bob Normand
President & Chief Executive Officer

Our Strategies

Our business strategy is supported by the strong economic outlook and competitive environment in Alberta. Over the next two years we expect continued growth in our province, with 30,000 new jobs in 2003 and respectable gains in retail trade, but lower housing starts. Alberta's high levels of employment and investment, together with a low tax environment have mitigated the effects on consumer confidence of dry weather and uncertainties over implementing the Kyoto Accord. Meanwhile, the larger Canadian banks are pursuing growth primarily in the Toronto area and outside of Canada (notably in the United States), and this has created an opportunity for ATB to provide local financial solutions to people living or doing business here in Alberta. In addressing all of these factors, our business strategies encompass three main themes: people, process and access. Enterprise risk management is emerging as an important component of our business strategy.

PEOPLE

Our goal is to be one of the 50 best organizations to work for in Canada. We want our associates to enjoy better performance and job satisfaction. We work to retain and attract high-calibre people by providing associates with Alberta-based career opportunities and the ability to share in the success of a growing, customer-focused organization. Over the next year, we will provide more career opportunities and create more jobs in high-growth areas such as wealth management, sales and mortgage development, independent business banking and our Customer Contact Centre, as well as in our growing network of branches.

ATB provides competitive base salaries and a variable pay program linking individual and team rewards to the overall success of our business. Our Corporate Learning Centre has provided more than 23,500 training days over the last five years, focusing on alternative delivery strategies such as on-the-job training and using line resources as training champions. Our challenges over the planning period include determining priorities to respond to the demand for training and fast-tracking our trainees.

PROCESS

We are always searching for ways to do better with less. As an example, enhancing our credit review processes would speed decision-making for loans to independent and agricultural businesses. Operationally, we will continue to streamline credit processes; maximize cross-selling opportunities at the approval stage; and deploy our new mobile contingent of wealth management investment specialists and financial advisors to increase both our loan and deposit business. We will also broaden the range of transactions performed by our Customer Contact Centre to include routine sales and new accounts to existing customers, investor services and simple loan applications.

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ACCESS

Our branches remain the cornerstones of our customer relationship management. To serve growing markets, we will continue to improve access to ATB's services through major capital expenditures in new branches in Calgary and Edmonton; relocations in Calgary, Edmonton and Rocky Mountain House; and renovations in Brooks, Calgary, Edmonton, Leduc and Peace River. While our network expands, we remain committed to rural Alberta. With our roots firmly established, we will continue to renovate and relocate branches in rural areas throughout the province.

Currently call volumes at our Customer Contact Centre exceed 140,000 per month, providing after-hours access and responding to customer needs. Our goal is to integrate the capabilities of the Contact Centre with those of other channels, to provide consistent customer services across all areas of access.

While our commitment to personal customer service remains strong as ever, we will expand our network of automated banking machines (ABMs) and enhance our electronic banking capabilities to better serve our customers. We continue to expand our capabilities in wealth management, energy and commercial banking, and in sales and service delivery.

RISK MANAGEMENT

ATB will focus on further developing a rigorous and coordinated approach for assessing and responding to risks that could affect our strategic or financial objectives. The key objectives for enterprise risk management are: to proactively identify and assess enterprise-wide risks for proper control and mitigation; to allow management to make and evaluate decisions on a well-informed, risk-adjusted basis; to determine and assign accountability for each key risk initiative; to assist in defining measures of risk and budgeting for compliance; and, to increase risk awareness in all areas.

For the coming year, ATB has identified three top risk management priorities. These include:

Business Continuity – Ensuring that key processes and systems can be rapidly restored to full service after an unexpected interruption;

Operational Risks – Creating a culture where risks are proactively identified and reported;

Credit Portfolio Concentration Risk – Setting and reviewing risk targets and limits to ensure they are appropriate for diversification and optimal portfolio returns.

Our Initiatives for Growth

Work continues on the initiatives introduced in our 2002 business plan. Our growth strategies support ATB's Triple Win philosophy, and are focused in three primary areas: personal and business banking, investor services and energy and commercial banking.

PERSONAL AND BUSINESS BANKING

In the coming year, we will improve the efficiency and effectiveness of our retail operations, to provide a more consistent customer experience, create more opportunities for our associates, and improve our market share and financial performance. To do this we will strengthen our branches as centres of expertise; invest in technologies required for a new transaction and service platform; improve the quality of our credit decisions; and increase the capacity of our lenders. We will grow our business by evaluating ATB's deposit account mix to ensure it is competitive and meets our customers' needs, and by continuing to introduce specialty investment products to complement the popular Springboard GIC and RSP. To ensure ATB continues to provide optimum service and remains competitive, we will market a portfolio of desirable new and established products to our clients. These will include our new investor services offerings and our popular Creditor Insurance and MasterCard products, as well as products appropriate to customers' specific life-cycle profiles.

INVESTOR SERVICES

We are further expanding our consultative network by recruiting experienced advisors and increasing our investment solution options. By focusing on needs-based, unbiased investment advice and solutions to meet our customers' needs, we can diversify our revenues, improve our resilience to economic cycles and enhance our competitive position and our ability to retain our valuable clients. Our clients will have additional investment solution options, offered at competitive pricing, through partnerships with some of the best financial solution providers in the world. Priority will continue to be on advice and service, which we will achieve through a confident, knowledgeable and client-focused network of branch representatives, investment specialists, financial advisors and support personnel.

ENERGY AND COMMERCIAL BANKING

In energy and commercial banking, we will reorganize from a regional focus to industry specialization. This will enable us to improve staff utilization, credit quality, and sales levels. We will also launch a proactive marketing program. We will increase our ancillary income by developing and implementing products and tools in areas such as our cash management system, treasury product lines and customer relationship management.

Our Performance Measures

PERFORMANCE MEASURE (ANNUAL NUMBERS ARE PERCENTAGES)	2002-03 TARGET	2003-04 TARGET	2004-05 TARGET	2005-06 TARGET
Loan growth	7.65	14.33	10.80	11.39
Retail deposit growth	5.96	8.60	7.83	8.17
Loan loss provisions as percentage of total loans	0.33	0.25	0.30	0.35
Other income to total revenue	21.67	20.94	21.61	22.70
Net interest spread on average earning assets	2.96	3.00	2.92	2.86
Expenses to operating revenue	67.40	65.34	65.51	64.27

Actual results are reported in our Annual Report.